

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**SB 3442 - HB 3817**

March 11, 2012

**SUMMARY OF BILL:** Defines “plan” and authorizes any plan to contract with a provider or provider organization for the transfer of risk to the provider as long as the plan remains contractually responsible to its enrollees and to organizations or entities contracting with it for all basic health care services. Requires any plan, provider, or network to assure that any consumer, insured, or subscriber will be held harmless from any insolvency or default relating to the transfer of risk. Prohibits the Commissioner of Commerce and Insurance from disallowing an agreement on the basis that it transfers risk between a health maintenance organization (HMO) and any physician-hospital organization or provider network when the HMO meets such provisions.

**ESTIMATED FISCAL IMPACT:**

**NOT SIGNIFICANT**

**Assumptions:**

- The provisions of the bill will apply to any medical expense indemnity corporation plan; health, hospital, or medical service corporation plan; nonprofit hospital or medical service corporation plan; self-funded employer-sponsored health insurance plan regulated under the Employee Retirement Income Security Act of 1974 (ERISA), compiled in 29 U.S.C. § 1001; or HMO that enters into an agreement with any physician-hospital organization for the provision of basic health care services on a prepayment basis.
- The provisions of the bill will not significantly alter the current policies and procedures of the Department of Commerce and Insurance.
- According to the Department, enforcement can be accomplished within existing resources without an increased appropriation or reduced reversion.
- The provisions of the bill will not have a significant impact on any of the public sector health plans, including the TennCare program, the Cover Tennessee Programs, or the State, Local Education, and Local Government Health Plans.

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**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

/kml